

立法會 *Legislative Council*

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Panel on Home Affairs

Information note prepared by the Legislative Council Secretariat for the meeting on 26 November 2018

Sales of tickets for events held at venues of Leisure and Cultural Services Department

The Panel on Home Affairs ("the Panel") has not discussed the subject of sales of tickets for events held at venues of the Leisure and Cultural Services Department ("LCSD") before. However, some members have expressed concern on this subject and proposed to discuss issues including measures to tackle the problem of ticket scalping, the existing ticket sale arrangements between LCSD and performance organizers, as well as the need to amend the relevant legislation to bring places managed by LCSD within the scope of regulation in order to combat ticket scalping activities.

2. At the Council meetings of 21 March and 11 April 2018, Hon MA Fung-kwok and Hon Michael TIEN raised a written question and an oral question about combating ticket scalping activities respectively (see **Appendices I and II**). The Administration was asked, among other things, whether it would require tickets for events held in Government venues to be sold by way of real-name registration, and require venue hirers to set aside a larger proportion of tickets for open sale.

3. At the Council meeting of 23 May 2018, Hon KWONG Chun-yu also raised an oral question on the collection of handling charges for URB-TIX online ticketing. Mr KWONG's question and the Administration's response are in **Appendix III** for members' reference.

4. The Panel will discuss the sales of tickets for events held at venues of LCSD at the next meeting on 26 November 2018.

Appendix I

Press Releases

LCQ14: Combating ticket scalping activities

Following is a question by the Hon Ma Fung-kwok and a written reply by the Secretary for Home Affairs, Mr Lau Kong-wah, in the Legislative Council today (March 21):

Question:

Section 6 of the Places of Public Entertainment Ordinance (Cap 172) provides that any person who sells or offers any ticket authorising admission to any place of public entertainment licensed under the Ordinance at a price exceeding the amount fixed by the proprietor or manager of such place or by the organiser of the activity held therein (commonly known as "scalped tickets"), or exhibits or has in his possession for sale, or solicits the purchase of such tickets (commonly known as "ticket scalping"), shall be guilty of an offence and liable on conviction to a fine of \$2,000. It has been reported that the tickets of a concert scheduled to be held in May this year at the Hong Kong Cultural Centre ("HKCC") were sold out in just 10 minutes after the starting time of the open sale of the tickets on February 1 this year. Immediately afterwards, someone put up the tickets of the concert for sale on the Internet, fetching over \$12,000 for a ticket with an original price of \$1,080. However, according to section 2 of the Places of Public Entertainment (Exemption) Order (Cap 172D), places managed by the Leisure and Cultural Services Department ("LCSD") (including HKCC) are not licensed places of public entertainment. As such, the aforesaid ticket scalping activities are not subject to regulation by section 6 of Cap 172. In this connection, will the Government inform this Council:

- (1) of the measures taken in the past three years by the Police and other relevant government departments to combat ticket scalping activities;
- (2) of the number of reports about ticket scalping activities received by the Police in each of the past three years; among such reports, the respective numbers of cases in which the persons concerned were prosecuted and convicted, as well as the penalties imposed on the convicted persons in general;
- (3) whether it will consider raising the penalty for the offence of ticket scalping in order to enhance the deterrent effect; if so, of the details; if not, the reasons for that;
- (4) whether it will consider amending the relevant legislation to bring places managed by LCSD within the scope of regulation in order to combat ticket scalping activities more effectively; if so, of the details; if not, the reasons for that;
- (5) given that in 2004, the Police arrested 10 persons suspected to have engaged in ticket scalping for the alleged offence of "access to computer with criminal or dishonest intent" under section 161 of the Crimes Ordinance (Cap 200), whether the Police invoked the aforesaid provision in the past three years to institute prosecution against persons who had allegedly engaged in ticket scalping activities; if so, of the number of convictions and the penalties imposed on the convicted persons in

general; if not, the reasons for that; and

(6) whether LCSD will assist activity organisers in selling tickets by way of real name registration in order to curb ticket scalping activities; if so, of the details of the assistance to be provided; whether LCSD will consider upgrading the Urban Ticketing System to add the function of selling tickets by way of real name registration; if so, of the details; if not, the reasons for that?

Reply:

President,

Upon consultation with the Security Bureau, our consolidated reply to the various parts of the question is set out below.

In respect of any place of public entertainment licensed under the Places of Public Entertainment Ordinance (Cap 172), any person who sells, or offers or exhibits or has in his possession for sale, or solicits the purchase of, any ticket or voucher at a price exceeding the amount fixed for such a ticket or voucher shall be guilty of an offence, and shall be liable on summary conviction to a fine of \$2,000.

The Police have been paying close attention to illegal ticket scalping activities. The Police will follow up when they become aware of the situation or receive relevant reports. Depending on the circumstances of individual cases, the Police will take enforcement actions, including "sting operations", as appropriate to combat illegal ticket scalping activities. The Police do not maintain the information requested in parts (2) and (5) of the question.

Pursuant to the Places of Public Entertainment (Exemption) Order (Cap 172D), venues under the management of the Leisure and Cultural Services Department (LCSD) are not required to obtain the Places of Public Entertainment Licences. Such venues are managed by the LCSD in accordance with the Public Health and Municipal Services Ordinance (Cap 132) and its subsidiary legislation.

To curb ticket scalping activities, when handling ticketing arrangements for popular events through URBTIX, the LCSD will discuss with the event organisers and set a maximum number of tickets, ranging from 2 to 10, that each patron can buy per transaction on the first day of public sale. They will also impose a limit on the number of tickets that can be purchased online by the same credit card. These measures will enable more people to have the opportunity to purchase tickets on the first day of public sale. When tickets of large-scale events go on sale, sufficient manpower will be deployed in advance for crowd control at URBTIX outlets and queuing arrangements will also be devised as appropriate. During such events, additional venue and security staff will also be deployed to patrol the venue area. Anyone found engaging in resale of tickets purchased and related activities within the venue area will be advised by the venue staff to cease the activities and leave. Assistance will be sought from the Police as and when necessary. The LCSD and the system contractor of URBTIX have also been keeping in view ticket sales situation from time to time, and have kept enhancing the online ticketing system, so as to block malicious browsing and ticket purchasing. A new anti-forgery feature has also been incorporated to URBTIX tickets since March 2017 to further

strengthen security.

The "Terms and Conditions of Sale of Tickets" and "Notice to Ticket Buyers" of URB-TIX specify that URB-TIX has never authorised anybody to sell its tickets via alternative arrangements other than designated venues and channels. Buying unauthorised tickets through unofficial channels will not only encourage ticket scalping activities, but will also carry risks. The Government has always been appealing to the public to purchase tickets through authorised channels for avoiding loss from fraudulent activities.

The Government will keep monitoring the ticket sales situation closely with a view to curbing illegal ticket scalping activities.

Ends/Wednesday, March 21, 2018
Issued at HKT 12:58

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Appendix II

Press Releases

LCQ6: Combating ticket scalping

Following is a question by the Hon Michael Tien and a reply by the Secretary for Home Affairs, Mr Lau Kong-wah, in the Legislative Council today (April 11):

Question:

It has been reported that in recent years whenever popular performances were staged, the scalping of tickets for performances became rampant. For example, prices as high as 17 times of the original prices were fetched in recent days for the scalped tickets for a series of "standup comedy" performances, arousing strong dissatisfaction among those members of the public who were unsuccessful in purchasing the tickets. On the other hand, according to the Terms and Conditions of Hire of the Hong Kong Coliseum and the Queen Elizabeth Stadium, only those hirers who choose Urban Ticketing System for the sale of tickets are required to set aside, for open sale, at least one-fifth of the tickets of each price category. However, under the terms and conditions of hire of quite a number of private venues, hirers are required to set aside at least half of the tickets for open sale. Regarding the Government's efforts to combat ticket scalping on the policy, legislation and law enforcement fronts, will the Government inform this Council:

(1) whether it will seriously consider requiring that tickets for events held in government venues must be sold by way of real name registration, and that venue hirers must set aside at least half of the tickets for open sale;

(2) as some members of the public have criticised that section 6 of the Places of Public Entertainment Ordinance, which prohibits ticket scalping, has a loophole in that events held in venues managed by the Leisure and Cultural Services Department (LCSD) are not subject to regulation and has set a penalty (i.e. a maximum fine of \$2,000) far too lenient, whether the Government will consider enacting a comprehensive legislation to curb ticket scalping and raising the relevant penalty level (e.g. increasing the maximum amount of fine or introducing a prison sentence), so as to enhance the deterrent effect; and

(3) notwithstanding the Government's claim that LCSD has deployed additional venue and security staff to patrol venues under the purview of LCSD when events are being held so as to combat ticket scalping, but most of the touting activities for scalped tickets are currently conducted on the Internet, of the specific strategies adopted by the Government for combating online ticket scalping, including whether it will request the relevant websites to proactively remove information relating to ticket scalping?

Reply:

Acting President,

According to the Terms and Conditions of Hire of the Leisure and Cultural Services Department (LCSD)'s performance venues, if a hirer organising paid-admission event chooses to use URBIX for sale of tickets, the total number of all consignment

tickets to be issued in any price category of the approved ticket price scale for a particular performance shall not exceed a prescribed proportion of the total number of seats as shown in the approved seating plan for each price category of that performance. This prescribed proportion was originally set at a maximum of 49%, but after reviewing the arrangement for the use of URBIX and the nature of different venues, the proportion of consignment tickets for the Hong Kong Coliseum (HKC) and the Queen Elizabeth Stadium (QES) has been increased to a maximum of 80% since 2001, while the proportion for other venues has remained unchanged. The aforementioned changes have taken into account the larger seating capacity of the HKC and QES, and the hirers of these two stadia, especially the HKC, are mostly entertainment production companies which organise large-scale pop concerts on a commercial basis. These events often involve high production costs and bear greater financial risks, and normally require more support from sponsors and co-organisers based on commercial and practical considerations. The hirers concerned require greater flexibility for the ticket sale to tie in with their commercial considerations including specific events' need, marketing strategy, and terms of their sponsors, etc.

The LCSD often communicates with the hirers proactively so as to ensure that a certain number of tickets are available for purchase by members of the public through URBIX. We also consider that increasing the supply of tickets is an effective mean to tackle the issue of ticket speculation. With regard to raising the proportion of tickets available for public sale for the HKC and QES, the LCSD will review this suggestion with a view to providing more tickets for public sale.

Furthermore, subject to the co-operation of the event organisers, the LCSD is pleased to implement real-name ticketing arrangement for events held at the LCSD venues and using URBIX as distribution channel. In fact, URBIX has recently jointly worked with an event organiser and a performing venue to pilot the implementation of a ticket ballot and real-name ticketing arrangement for an additional performance of a concert by a local non-profit orchestra which will be held in the Hong Kong Cultural Centre Concert Hall in May 2018. The LCSD will review the effectiveness of this implementation and its impact on the arrangements for ticket sales, ticket purchase, venue admission, administration and operation, etc., and will consider carefully the views of the public, event organisers and various stakeholders, as well as the efficiency and feasibility of practical operations. The LCSD will also draw reference from the experience of local and other markets outside Hong Kong in the implementation of real-name ticketing arrangement to evaluate the pros and cons of different ticketing models, and to work out feasible ticketing arrangement which would suit the circumstances of respective events in discussion with the event organisers.

The LCSD has implemented a series of measures to ensure that tickets can be sold through formal channels in an orderly manner. When handling ticketing arrangements for very popular events sold through URBIX, the LCSD would discuss with the event organisers to set a maximum number of tickets that each patron can purchase per transaction on the launch date, and impose a limit on the number of tickets that can be purchased online by the same credit card so that more people may have the opportunity to purchase tickets through public sale. The LCSD has also been enhancing the online ticketing system to prevent browsing and ticket purchasing activities by automated computer programmes, and reviewing ticket sale situation from time to time. Moreover,

a new counterfeit security feature has been incorporated since March 2017 to further strengthen the security of the URBIX tickets.

When tickets of a large-scale event go on sale, the URBIX outlets will deploy manpower for crowd control and devise appropriate queuing arrangements as necessary. During the period when the event is held, the LCSD venue concerned will deploy additional venue and security staff to patrol the area. Anyone found engaging in resale of tickets within such area will be advised to cease the activity and leave the venue. Assistance will be sought from the Police as and when necessary.

Besides the above administrative measures and the review to increase the proportion of tickets available for public sale for performances at the HKC and QES, we will also study the feasibility of regulating the sale of tickets for LCSD venues through legislative amendment in consultation with the Department of Justice and law enforcement agencies so as to ensure the healthy development of the market.

Thank you, Acting President.

Ends/Wednesday, April 11, 2018
Issued at HKT 15:15

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Appendix III

Press Releases

LCQ1: Collection of handling charges for URBTIX online ticketing

Following is a question by the Hon Kwong Chun-yu and a reply by the Secretary for Innovation and Technology, Mr Nicholas W Yang, in the Legislative Council today (May 23):

Question:

Currently, members of the public are required to pay a handling charge ranging from \$6 to \$10 when purchasing event or movie tickets through the websites or mobile phone applications of ticketing agencies, a majority of cinema circuits and the Urban Ticketing System (URBTIX) under the Leisure and Cultural Services Department. However, they are not required to pay such a handling charge when purchasing tickets in person at the box offices. Some members of the public are of the view that the ratio of the relevant handling charge to ticket price is rather high, and the practice of collecting handling charge impedes the development of Hong Kong into a smart city. In this connection, will the Government inform this Council:

(1) of the justifications for the URB TIX for not collecting a handling charge at present from persons who purchase tickets through their counters, but collecting a handling charge of \$8 per ticket from those who purchase tickets through its website, mobile phone application and telephone booking hotline, and whether the authorities will consider ceasing the collection of such charge;

(2) whether it will consider regulating the practice of ticketing agencies, cinema circuits, etc. collecting a handling charge from persons who purchase tickets online, such as stipulating the ceiling on the ratio of the handling charge to the ticket price; and

(3) whether it will consider introducing measures to reduce traders' costs for providing electronic ticketing services, so that they do not have to pass on the relevant costs to the consumers, as well as to promote the development of Hong Kong into a smart city?

Reply:

President,

After consulting the Home Affairs Bureau, the Commerce and Economic Development Bureau, the Leisure and Cultural Services Department (LCSD), we set out our response to the three parts of the question as below:

(1) The Urban Ticketing System (URBTIX) is the ticketing system under the LCSD to provide ticketing services mainly for hirers or event presenters, and audiences of performance venues under the purview of the LCSD. Hirers or event presenters are free to choose the URB TIX or other ticketing systems for sale of tickets. The LCSD does not oblige them to use the URB TIX.

The URB TIX operates on a Public Private Partnership (PPP) approach. Based on the LCSD's study and practical experience in

the past, as well as drawing reference to the mode of operation of ticketing services elsewhere, the LCSD considers PPP a more flexible and effective mode of service delivery. For ticket purchasers, even if the ticketing system is operated by the LCSD, they still need to bear a certain amount of cost, in accordance with the Government's well-established "user pays" principle. Moreover, quite a number of initiatives under the smart city concept are implemented as a PPP.

The current system of the URB TIX was developed and owned by the contractor at its own cost under a contract awarded through open tender by the LCSD. During the contract period, the contractor is responsible for system operation and maintenance as well as provision of online booking, mobile ticketing application and telephone booking services. According to the terms of the contract, the contractor can collect a handling charge of \$8 per ticket from customers who purchase tickets through such services. Such a charge is only equivalent to a small portion of the ticket price for many events.

The contract between the LCSD and the incumbent the URB TIX contractor will expire in 2021. Before its expiry, the LCSD cannot change the charges by the contractor under the contract. The LCSD is examining measures to improve and develop the system in future, and will consider the views of various stakeholders and draw reference to the latest technology trends and applications of local and international ticketing markets in formulating appropriate requirements for the ticketing system and determining service charges. The LCSD expects to commence the open tendering process for the new ticketing system and related services in the third quarter of 2019.

(2) and (3) As for ticketing agencies or other online services (including sale of tickets) operated by commercial entities, different organisations or agencies adopt different sale arrangements and charges having regard to the market situation and cost considerations. For ticket purchasers, they can also make their own choices having regard to the service levels of various purchase channels, for examples, whether purchase can be made any time, time required to complete the purchase, and whether purchasers can flexibly select preferred ticket types and seats, etc.

Apart from the URB TIX, there are at present other ticketing agencies available in Hong Kong, such as HK Ticketing, Cityline, etc. They provide similar online and conventional ticketing services. No matter in Hong Kong and other places, collection of handling charges for online ticketing is a common practice of the trade, with charges ranging from several dollars to over a hundred dollar. The gist of the issue is whether the market operation is smooth and transparent, so that ticket purchasers can make their choices over different purchasing channels. Given the rationale behind the current commercial operation and business practices, we do not see the need for the Government to regulate the collection of handling charges for online transactions by legislative means or administrative measures. Indeed, outside Hong Kong, such handling charges are also mostly determined by ticketing agencies or related commercial operators based on market situation.

The Government is committed to developing Hong Kong into a world-class smart city and published the Smart City Blueprint for Hong Kong (Blueprint) in December 2017, outlining the smart city development plans under six major areas, namely "Smart Mobility",

"Smart Living", "Smart Environment", "Smart People", "Smart Government" and "Smart Economy". Under "Smart Economy", we have put forth a number of initiatives to promote the development of Internet-driven economy, e.g. the Faster Payment System and the introduction of new technologies in Fintech. These initiatives not only enhance Hong Kong's economic competitiveness and provide businesses with a business friendly environment for fostering innovations, but also bring convenience to residents in their daily living. Moreover, smart city development requires close collaboration of public and private organisations, the academia and the public at large.

As regards the smart city infrastructure, the Office of the Government Chief Information Officer is taking steps to develop a one-stop online system to provide an electronic identity (eID) for all Hong Kong residents from 2020, facilitating them to use a single digital identity and authentication to conduct government and commercial transactions online. The eID system will also provide Application Programming Interfaces for application by different sectors and businesses, especially small and medium enterprises. These measures can help lower the cost for businesses to develop and operate their online sales and other electronic services.

Ends/Wednesday, May 23, 2018
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